

## **The complaint**

Mr S is unhappy that a car supplied to him under a hire agreement with Tesla Financial Services Limited was of an unsatisfactory quality.

## **What happened**

In November 2024, Mr S was supplied with a new car through a hire agreement with Tesla. He paid an advance rental of £5,000 and the agreement was 24 months; with monthly payments of £380.55.

Mr S wasn't happy with the car supplied to him. He said that some of the body panels were misaligned, there were electrical issues, and there was a problem with both the paintwork and the wing mirror. Between December 2024 and May 2025, the car went back to the supplying dealership on four occasions for repairs.

In June 2025, Mr S contacted Tesla and asked to be able to reject the car. Tesla didn't agree to this, and said that, as this was a hire agreement, this wasn't an option available to Mr S. Unhappy with this response, Mr S brought the matter to the Financial Ombudsman Service for investigation.

Our investigator said there were faults with the car that made it of an unsatisfactory quality when it was supplied, but these have now been repaired. So, rejection wasn't appropriate in these circumstances. However, the investigator said that Tesla should refund Mr S the equivalent to five days rentals, to cover the period he was without use of the car and didn't have a courtesy car, and that they should pay him £200 compensation for the distress and inconvenience caused.

After some queries about the applicable law that covered this type of agreement, Tesla agreed to the investigator's opinion. However, Mr S didn't. He said there were still ongoing issues with the car, specifically relating to the boot, which had previously been raised with Tesla. He also said that he'd lost confidence in Tesla's ability to satisfactorily resolve the situation. So, he said that he wanted to be able to reject the car, with a refund of the £5,000 deposit and all payments made.

Because Mr S didn't agree, this matter has been passed to me to decide.

## **What I've decided – and why**

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. If I haven't commented on any specific point, it's because I don't believe it's affected what I think is the right outcome. Where evidence has been incomplete or contradictory, I've reached my view on the balance of probabilities – what I think is most likely to have happened given the available evidence and wider circumstances.

In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and (if appropriate) what I consider was good industry practice at the time. Mr S was supplied with a car under a hire agreement. This is a regulated consumer credit agreement which means we're able to investigate complaints about it.

Section 3(2)(b) of the Consumer Rights Act 2015 ('CRA') confirms that the CRA applies to contracts for the hire of goods, which makes it the applicable legislation for this matter. The CRA says, amongst other things, that the car should've been of a satisfactory quality when supplied. And if it wasn't, as the supplier of goods, Tesla are responsible. What's satisfactory is determined by things such as what a reasonable person would consider satisfactory given the price, description, and other relevant circumstances.

The CRA also implies that goods must conform to contract within the first six months. So, where a fault is identified within the first six months, it's assumed the fault was present when the car was supplied, unless Tesla can show otherwise. So, if I thought the car was faulty when Mr S took possession of it, and this made the car not of a satisfactory quality, it'd be fair and reasonable to ask Tesla to put this right.

In this instance, it's not disputed there was a problem with the car supplied to Mr S, nor that this made the car of an unsatisfactory quality at the point of supply. As such, I'm satisfied that I don't need to consider the merits of this issue within my decision. Instead, I'll focus on any outstanding faults, and what I think Tesla should do to put things right.

### **Putting things right**

Section 24(5) of the CRA says "*a consumer who has ... the right to reject may only exercise [this] and may only do so in one of these situations – (a) after one repair or replacement, the goods do not conform to contract.*" This is known as the single chance of repair. And this applies to all issues with the goods, and to all repairs i.e., it's not a single chance of repair for the dealership AND a single chance of repair for Tesla – the first attempted repair is the single chance at repair. What's more, if a different fault arises after a previous repair, even if those faults aren't related, the single chance of repair has already happened – it's not a single chance of repair per fault.

The CRA is clear that, if the single chance at repair fails, as was the case here, then Mr S has the right of rejection. However, this doesn't mean that Mr S is required to reject the car, and he can agree to further repairs. While the car has been in for repair on multiple occasions between December 2024 and May 2025, on each occasion Mr S agreed to a repair as a resolution. As such, he has no right of rejection relating to the panel misalignment, the electrical issues, the paintwork issues, or the wing mirror.

Mr S says the current issues with the car are a continuous rattle from the boot area which is causing damage to the boot lip and paint, a knocking noise when the steering wheel is in full lock, a squeaking noise from the front passenger wheel, and the boot is no longer soft closing as designed. I've noted that, in his complaint to Tesla on 17 June 2025, Mr S raised the issue of both the boot rattle with the associated damage and the knocking noise on full-lock steering. As such, I'm satisfied that some of the issues Mr S is currently complaining about have been raised with Tesla, and they have had the opportunity to resolve these.

Having reviewed the evidence in this matter, I haven't seen anything to show me that Mr S raised the issues relating to the boot before 17 June 2025, which was more than six months after the car was supplied to him. The issue with a noise from the steering was investigated by the dealership between 30 April and 2 May 2025, and adjustments to the undertray were made to resolve this issue.

Given this, the CRA implies it's for Mr S to provide evidence to show the issues with the boot were present or developing within the first six months of supply, and that either the repair to the undertray failed or that there is a new issue causing the steering noises which was also present or developing when the car was supplied.

Mr S has provided a short video which shows a view from the rear of the car when driving, and a rattling noise can be heard; a short video which shows a noise when the car is turning (although the video doesn't indicate a full-lock turn); and a short video of the off-side wing mirror while the car is stationary, with a clicking noise in the background.

While these videos show things that are clearly concerning to Mr S, what they don't show is an actual identifiable fault. What's more, even if they did show this, this wouldn't be evidence the faults were present or developing at the point of supply or were caused by a previous failed repair. This would usually be evidenced by way of a report from an independent engineer or an independent garage, and these haven't been provided.

As such, and while I appreciate this will come as a disappointment to Mr S, I'm not satisfied there are current faults with the car that were present or developing at the point of supply, which make the car of an unsatisfactory quality OR that any of the previous repairs have failed. Given this, I'm not satisfied that Mr S has the right of rejection under the CRA, and I won't be asking Tesla to allow rejection.

But this doesn't mean that Tesla don't need to do something. It's not disputed that, while the car was being repaired, there was a five-day period when Mr S was without use of the car and when he wasn't supplied with a courtesy car to keep him mobile. Given this, and that Mr S was paying for goods he was unable to use, I'm satisfied that Tesla should refund the rentals he paid during this period.

I also think Mr S should be compensated for the distress and inconvenience he's been caused. But crucially, this compensation must be fair and reasonable to both parties, falling in line with our service's approach to awards of this nature, which is set out clearly on our website and so, is publicly available.

I note our investigator recommended Tesla pay Mr S an additional £200, to recognise the distress and inconvenience caused. And having considered this recommendation, I think it's a fair one that falls in line with our service's approach and what I would've directed, had it not already been put forward. So, this is a payment I'm directing Tesla to make

Therefore, Tesla should:

- remove any adverse entries relating to this agreement from Mr S's credit file;
- refund the rentals as detailed above;
- apply 8% simple yearly interest on the refunds, calculated from the date Mr S made the payment to the date of the refund<sup>†</sup>; and
- pay Mr S an additional £200 to compensate him for the trouble and inconvenience caused by being supplied with a car that wasn't of a satisfactory quality (Tesla must pay this compensation within 28 days of the date on which we tell them Mr S accepts my final decision. If they pay later than this date, Tesla must also pay 8% simple yearly interest on the compensation from the deadline date for settlement to the date of payment<sup>†</sup>).

<sup>†</sup>If HM Revenue & Customs requires Tesla to take off tax from this interest, Tesla must give Mr S a certificate showing how much tax they've taken off if he asks for one.

### **My final decision**

For the reasons explained, I uphold Mr S's complaint about Tesla Financial Services Limited. And they are to follow my directions above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 February 2026.

Andrew Burford  
**Ombudsman**